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Medicare Beneficiaries and the Marketplace: What Should They Know for October 1st?

Beginning in October, Pennsylvanians seeking health insurance coverage can go to the Health Insurance Marketplace to: shop for coverage; compare plan options; see if they are eligible for help paying health plan premiums and other cost-sharing; and enroll into a health plan for coverage starting January 1st. Should Medicare beneficiaries also go to the Marketplace to shop for coverage? The answer generally is NO.

Medicare beneficiaries already have health care coverage and that coverage is not changing under the Affordable Care Act (ACA). Medicare beneficiaries will not benefit from the Marketplace because they cannot use it to shop for Medicare Advantage plans, Medicare Supplement plans, or Medicare Prescription Drug plans.

Some wealthy seniors pay higher premiums for Medicare based on their income. These individuals may choose to forego Medicare and instead shop for coverage in the Marketplace. Though the ACA does not preclude people on Medicare from signing up for Marketplace plans, they will not qualify for premium tax credits to help cover the cost of the plan. As a result, most will find Medicare's benefit package to be better and more affordable than coverage available through the Marketplace.

Medicare 2014 Webinars: Save the Dates!

PHLP will be conducting 2 webinars to update individuals about Medicare 2014. The webinars will be held on the dates and times below. Registration information will be e-mailed to individuals receiving our newsletters in upcoming weeks.

Tuesday, October 29 at 10:00 AM
Thursday, October 31 at 2:00 PM

INSIDE THIS EDITION

Medicare Annual Open Enrollment Starts October 15th!

The time of year when all Medicare beneficiaries can make changes to their drug coverage and/or their health plan coverage starts October 15th. This period, known as Open Enrollment, runs until December 7th. Any changes made by a beneficiary during this period become effective January 1, 2014. Information about plan options for 2014 should be available from Medicare in mid to late September.

Medicare drug plans and Medicare health plans must send their current members information by the end of September about how the plan benefits will change in 2014. Plans can start marketing for 2014 on October 1st and Medicare's website (www.medicare.gov) will be updated with the 2014 plan information in early October. Everyone on Medicare should review their current coverage to see if it will continue to meet their needs in 2014.

Those needing help during the Open Enrollment Period can contact APPRISE (Pennsylvania's State Health Insurance Program) at 1-800-783-7067.

Medicare Announces 2014 Part D Costs

Medicare recently announced the standard cost-sharing for 2014 Medicare Part D Plans, and most of the costs are going down next year. Any Part D plan that offers standard benefits uses this cost-sharing for its members. Part D plans that instead offer alternative or enhanced benefits must assure their coverage is actuarially equivalent to the standard benefits.

Costs for Standard Part D Plan

The average monthly Part D premium in 2014 is expected to be $31. In addition to the premium, beneficiaries who do not qualify for a subsidy will pay the following for a 2014 standard Part D Plan:

- An annual deductible of **$310**;
- During the initial coverage period, a 25% co-pay for each prescription until the consumer's total drug costs reach **$2,850**;
- During the coverage gap (also referred to as the "doughnut hole"), the consumer will pay a percentage of the costs of drugs (in 2014, 47.5% of the cost of brand name drugs and 72% for generic drugs plus a small dispensing fee) until their total out-of-pocket expenses reach **$4,550***; and
- During the catastrophic coverage period, a co-pay of $2.55 for generics and $6.35 for name-brand drugs, or a 5% co-pay, *whichever is greater.*

**Not all of the costs consumers pay during the doughnut hole count toward total out of pocket expenses.*

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Costs for Individuals who Qualify for a Low-Income Subsidy

The Low-Income Subsidy (LIS) program (also called *Extra Help with Medicare Prescription Drug Plan Costs*) helps qualified consumers with the costs of Medicare Part D. **All** dual eligibles (people that have both Medicare and Medicaid-even if Medicaid is only paying the person's Medicare Part B premium) automatically qualify for a full subsidy. Other beneficiaries can qualify for a full or partial subsidy if they submit an application to the Social Security Administration and are found to meet income and resource guidelines. The current guidelines to qualify for the LIS are:

- Income less than 150% FPL ($1,436/mo for a single person; $1,939/mo for a married couple)
- Resources below $13,300 for a single person; $26,580 for a married couple (*note: these limits include the $1,500 per person disregard that applies if people plan to use their resources for funeral/burial expenses*)

2014 LIS Costs

In 2014, the LIS benchmark premium for PA is $35.50. This is the maximum amount LIS will pay toward the premium for someone with a full subsidy who is in a standard Part D plan. The table below shows the costs individuals awarded a subsidy will pay in 2014.

Category of Subsidy	Co-pays/Coinsurance	Other Costs
Full LIS (for individuals with income < 100% FPL)	$1.20 - generics $3.60 - brand names	none
Full LIS (for individuals with income >100% FPL)	$2.55 - generics $6.35 - brand names	none
Full LIS (for individuals on Medicaid who receive Medicaid-covered long-term care services either through a waiver program or in a nursing home)	$0 for all medications	none
Partial LIS	15% co-insurance; After reaching the $4,550 limit, then pay: $2.55 - generics and $6.35 - brand names	$63 deductible

Please note there is no coverage gap or "doughnut hole" for people who receive any level of subsidy

Individuals can contact APPRISE (1-800-783-7067) for more information about the LIS or for help applying for this benefit. More information about the costs of Medicare Part D coverage in 2014 can be found by contacting 1-800-MEDICARE (1-800-633-4227).

August Means Review of Continued Eligibility for the Low-Income Subsidy in 2014

This is the time of year when Medicare and Social Security determine whether current recipients of a low-income subsidy (LIS) will continue to get that help in 2014 and, if so, whether there will be any change to the amount of help someone gets.

Redeeming of Low-Income Subsidy for Dual Eligibles

Medicare beneficiaries who qualify for ANY LEVEL of help through Medicaid automatically qualify for the full LIS to help them with their Part D costs. These people are called dual eligibles. When someone initially becomes a dual eligible, she is "deemed" eligible for the full LIS for the remainder of that calendar year. After that, each year Medicare conducts an annual redeeming process to determine whether LIS recipients will automatically qualify for the LIS in the next calendar year.

On a regular basis, PA's Department of Public Welfare sends data files to Medicare that identify dual eligibles. When individuals appear in the data file for the first time, Medicare turns on full LIS starting with the month they became a dual and the LIS remains valid for the rest of the calendar year (even if that person loses their Medicaid before the year ends). Individuals who continue to be listed as a dual eligible in July or August then are redeemed for the LIS for all of 2014. Those dual eligibles who show up in the data files for the first time between July and December of this year get approved for the full LIS for the rest of 2013 and all of 2014.

Individuals already deemed eligible for the LIS in 2013, but who do **not** show up in the data files as a dual eligible in July or August will **not** be redeemed for the LIS next year. They may still financially qualify for an LIS, but they will have to apply for the LIS through the Social Security Administration. These individuals will receive a notice on grey paper telling them that they no longer automatically qualify for the LIS and that their help will end December 31st (see the next page for more information about fall mailings to Medicare beneficiaries). If any of these individuals re-qualify for MA before the end of the year, they will automatically get the LIS for all of 2014 once Medicare recognizes them as a dual eligible.

Social Security Redeterminations of the Low-Income Subsidy

Each year in August, Social Security selects certain individuals whom they previously approved for the LIS to review their continued eligibility for the next calendar year. Those chosen for this redetermination will receive a form from SSA that must be completed and returned within 30 days. Based on the information submitted, if the individual's eligibility for a subsidy changes, it will take effect January 1st. After the redetermination is completed, SSA will send a written notice to individuals to tell them whether there will be any change to their subsidy status in 2014. If the notice from SSA indicates someone's subsidy is being reduced or terminated and they don't agree, they can appeal the decision following the instructions on the notice.

Any individual approved for the subsidy by SSA who is not chosen for redetermination will continue to receive their subsidy at the current level next year.

Fall Mailings to Medicare Beneficiaries

In upcoming weeks and months, Medicare beneficiaries will be receiving lots of mail to get ready for the upcoming Open Enrollment Period that starts October 15th (see page 2). This is a listing of possible mailings that people on Medicare could receive in the upcoming months:

September

Annual Notice of Change and Evidence of Coverage - Medicare Prescription Drug Plans and Medicare Advantage Plans have to assure these documents are received by current plan members no later than September 30th. These documents will describe 2014 benefits (including changes to premiums and drug formularies). Plan members should review this information to decide whether the plan will continue to meet their needs next year. If not, they should explore other plan options during the Open Enrollment Period.

LIS Rider - Medicare Prescription Drug Plans and Medicare Advantage Plans have to send this document to all current members who will receive the LIS in 2014 that details prescription drug costs with the subsidy for 2014. This information must be sent by September 30th. Anyone who receives this information should keep the document in case they need to review it in the future when they have questions about the costs of their medication.

Loss Of Deemed Status Notice - Medicare will send this notice (printed on grey paper) to persons who automatically qualified for the low-income subsidy in 2013, but who will no longer automatically qualify for this help in 2014 (because they lost their dual eligible status prior to July 2013). Those receiving this notice should complete the application for "Extra Help" that is included with the notice and send it to Social Security in the envelope provided. Individuals who need help completing the application are encouraged to contact APPRISE at 1-800-783-7067.

Medicare & You 2014 Handbook - this will be mailed to all Medicare beneficiaries. The Handbook includes information about Medicare coverage and benefits and lists available health and drug plans for 2014. Individuals should keep this book to refer to throughout the year as needed.

October

2014 Plan Marketing Materials - Starting October 1st, plans can start sending materials to market their 2014 plans. This information may help beneficiaries to decide if they should change plans during the Open Enrollment Period.

Plan Non-Renewal Notice - A plan that will no longer continue to operate in 2014 must notify current members by early October that it is leaving the Medicare program and will no longer be in effect after December 31, 2013. Individuals receiving this notice will need to join another plan to assure they have coverage starting January 1, 2014.

Change in Extra Help Co-payment Notice - this notice (sent on orange paper) will be sent to consumers who continue to automatically qualify for the LIS in 2014, but whose co-pay level will change starting January 1st. Individuals getting this notice should keep it for future reference. If someone receives this notice and thinks it is incorrect, they should contact 1-800-MEDICARE (1-800-633-4227).

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(Continued from Page 5) **Reassignment Notices** - these notices are sent on blue paper to those beneficiaries who receive the LIS and who are either enrolled in a plan that will no longer operate in 2014, or in a plan whose premium is increasing above the subsidy benchmark amount. The notices tell individuals that they'll be auto-enrolled into a different plan starting January 1st unless the individual makes their own plan choice by the end of December. Anyone receiving these notices should contact the plan they will be auto-assigned to and check whether that plan will meet their needs. If it will meet their needs, then no further action is required. If the reassignment plan will not meet someone's needs, then he should choose and enroll into a different plan by the end of the year to have coverage with the plan of his choice starting January 1, 2014. Individuals can contact APPRISE or Medicare for more information or assistance with comparing and selecting plans for 2014.

Health Care Navigators Announced

On August 15th, the U.S. Department of Health & Human Services (HHS) announced the list of grantees awarded federal funds to act as health care navigators under the Affordable Care Act (ACA). The navigators will play a crucial role in helping consumers navigate the Health Care Marketplaces that start October 1st where consumers can shop for and enroll into health care coverage.

Five organizations were awarded grants to act as Health Care Navigators in Pennsylvania. They are:

- **PA Association of Community Health Centers**
- **PA Mental Health Consumers Association**
- **Mental Health America**
- **Resources for Human Development**
- **Cardon Healthcare Network**

All Navigators must participate in a federal training curriculum and then be certified as health care navigators by HHS. Under the ACA, the functions of the Navigator include:

- Maintaining expertise on the Health Care Marketplace and how to use it;
- Providing information to consumers in a fair, accurate, impartial, and culturally competent manner on the Marketplace, qualified health plan options, Premium Tax Credits and cost-sharing subsidies, Medicaid and the Children's Health Insurance Program (CHIP);
- Assisting consumers with selecting and enrolling into a qualified health plan;
- Making referrals to other useful resources

Once these organizations have their Navigator programs up and running, PHLP will share additional information on their activities and how to contact them for assistance.

Please **support PHLP** by making a donation through the United Way.

For Southeast PA, go to www.uwsepa.org and select donor choice number 10277.

For the Capital Region, go to www.uwcr.org and pledge a donation to PHLP.

For the Pittsburgh Region, go to www.unitedwaypittsburgh.org and select agency code number 11089521.